

SMART SPECIALISATION IN A POST-INDUSTRIAL CITY

Key information

- Location: **Bilbao (Spain)**
- Population: **345 120**
- Involved in URBACT network: **In Focus**
- More information: <http://urbact.eu/In-Focus>



Since Bilbao's deindustrialisation and the building of the Guggenheim in the 1990s, this northern Spanish city has been a world leader in urban regeneration. By joining the URBACT In Focus network, Bilbao's dynamic civic leaders brought together a group of local stakeholders to energise the most advanced sectors of the city's economy.

The mining and the ironworks may have closed over 30 years ago, and an art museum – the Guggenheim – may now be its most famous building, but Bilbao is still a city linked to industry. Today, the manufacturing firms are very different from the heavy industry of the past: highly competitive and knowledge-intensive, many of them operate on world markets. New products and new business models developed elsewhere can revolutionise the industry, profiting those who adapt fast. Nowadays, Bilbao, as a city of services that look to the industry, is committed to continue promoting and opening itself to innovation and

knowledge in order to continue growing and favouring its international competitiveness.

But to be competitive, Bilbao wanted to take the lead in its own urban economic development. The city's objective is to foster smart growth that combines urban, environmental, technological, social and economic aspects in order to continue to generate economic activity with quality employment and well-being for the citizens.

This is one of the reasons why Bilbao set up the In Focus network. A network of 10 cities which were willing to

enhance their competitiveness and job creation capability by positioning themselves in the new economic landscape according to their areas of specialisation, duly articulated with the regional smart specialisation strategy (see box) from a multilevel governance perspective. The key challenge was to facilitate the economic transformation and specialisation in the city, reflecting on how sectorial policies can be improved and better connected, from an integrated urban development perspective.

From identifying priority economic sectors...

The smart specialisation approach in Bilbao helped to clearly identify local competitive assets: the Advanced Business Services (Knowledge Intensive Business Services - KIBS), the Cultural and Creative Industries (CCI) and the Digital Economy. All these three sectors are in close connection to the strategic priorities defined on regional level by the Basque Country.

For almost three years, the city has worked together with local stakeholders in mapping the economic activity and identifying lines of action and flagship projects that can contribute to strengthening the specialisation of the city in these three sectors.

Within the In Focus network, the city set up a group of local stakeholders (URBACT Local Group) from the Bilbao City Council (Bilbao Ekintza), the Provincial Council of Bizkaia, the Basque Government in charge of the regional smart specialisation, to research centres, universities, and the Chamber of Commerce. Vivaly, the group also included two Bilbao-based regional cluster organisations: the EIKEN, an association of companies based in the Basque Country dedicated to the creation and distribution of content related to the industries of the creative economy; and the IT cluster GAIA, which is the Association of Electronic and Information Technologies. The latter is a private and professional non-profit organisation made up of 260 companies offering products and services in electronics and information technology such as Iberdrola, the leading Spanish multinational electric utility company.

Putting all these stakeholders around the table was a matter of great importance for Nora Sarasola, General Director of Bilbao Ekintza. The URBACT Local Group has allowed a group of actors, both public and private, to share ideas and potential opportunities and put them at the service of the strategic planning of the city of Bilbao to deepen the specialisation in the priority sectors.

... to producing an integrated plan

Together these stakeholders have co-designed a long-term operational work plan, the Integrated Action Plan. In this plan, Bilbao Ekintza becomes a facilitator of the specialisation process. This means facilitating the identification of new



Bilbao's Zubizuri bridge

emerging sectorial opportunities, but it also embraces cross-cutting features such as the development of a competitive intelligence to identify economic opportunities through a process of obtaining and transforming information, as well as talent development and entrepreneurship, providing spaces for the specialisation, or branding the city as a pole of specialisation, among others.

This co-designing process has helped better target projects with high potential. Eight flagship projects have been specifically identified to promote the specialisation in the priority sectors, such as the AS-Fabrik and the Bilbao Alliance for Smart Specialisation in Advanced Services towards the Digital Transformation of the industry.

The AS-Fabrik's main purpose is to increase the competitiveness of the Knowledge Intensive Business Services (KIBS) sector of Bilbao through a capacity building collaborative process. The objective is to prepare this sector to answer to the challenges of the digital transformation to industry 4.0, which the manufacturing sector will face in a very near future. AS-Fabrik is now being supported with funds from the Urban Innovative Actions Initiative.

"The way of working internally in Bilbao Ekintza has changed thanks to the participation in the project."

Nora Sarasola

Bilbao's real triumph was in organising the complexity of so many different participants and creating a shared map, vocabulary and objectives for the economic development of the three priority sectors. Ms Sarasola believes that the local and transnational exchange and learning activities encouraged by URBACT have strengthened the local team's skills to design and implement solutions in the field of urban economic development. Similarly, they have seen a positive impact on the facilitation and involvement of other agents in the co-design and implementation of urban policies. "The way of working internally in Bilbao Ekintza has changed thanks to the participation in the project", she says.

What is a smart specialisation strategy?

According to the Regulation (EU) 1301/2013 of the European Parliament and of the Council of 17 December 2013 a 'smart specialisation strategy' means:

The national or regional innovation strategies which set priorities in order to build competitive advantage by developing and matching research and innovation own strengths to business needs in order to address emerging opportunities and market developments in a coherent manner,

while avoiding duplication and fragmentation of efforts.

A smart specialisation strategy may take the form of, or be included in a national or regional research and innovation (R&I) strategic policy framework.

Smart specialisation strategies shall be developed through involving national or regional managing authorities and stakeholders such as universities and other higher education institutions, industry and social partners in an entrepreneurial discovery process.